

## Message Text

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62

ORIGIN EUR-06

INFO OCT-01 ISO-00 SS-10 /017 R

66604

DRAFTED BY EUR/CE:LHEICHLER:BCM

11/14/73 EXT. 22155

APPROVED BY EUR/CE:NLEDSKY

E - MR. BILLER (PHONE)

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R 141706Z NOV 73

FM SECSTATE WASHDC

TO EUCOM

CINCUSAREUR

CINCUSAFE

C O N F I D E N T I A L STATE 224675

FOLLOWING MESEAGE SENT SECSTATE WASHDC AMEMBASSY BONN

USMISSION EC BRUSSELS USMISSION NATO FROM USMISSION

OECD PARIS 09 NOV 73 (091504Z NOV 73):

QUOTE C O N F I D E N T I A L OECD PARIS 28956

ECOTO 7

E.O. 11652 GDS

TAGS:

SUBJ: OFFSET

DEPARTMENT REPEAT IMMEDIATE TO THE SECRETARY

1. OFFSET DISCUSSION IN BONN RESULTED IN GERMAN COMMITMENT  
TO ADDITIONAL MILITARY PROCUREMENT AND GOVERNMENT FACILITATION  
OF URANIUM PURCHASE BY PRIVATE UTILITIES. THIS CAN ADD  
ADDITIONAL \$370 OILLION. GERMANS PROPOSE WE ACCEPT DIRECT  
EXPENDITURES INCURRED BY THEM FOR BERLIN OCCUPATION AND  
IMPUTE RENTAL VALUE FOR REAL ESTATE MADE AVAILABLE BY THEM  
AS ADDITIONAL OFFSET. THIS WOULD AMOUNT TO \$1.5 BILLION  
PER YEAR. THIS THEY ARGUE WOULD BRING OFFSET WELL IN EXCESS  
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OF PREVIOUS 80 PERCENT TARGET. I POINTED OUT THAT ONLY A VERY

SMALL PORTION OF THESE ADDITIONAL ITEMS, IF ANY, WOULD BE  
LIKELY TO BE ACCEPTED AS OFFSET AND THAT, AS WE STAND,  
OFFSET ONLY AMOUNTS TO SOMETHING LIKE 42 PERCENT  
WHICH WOULD CALL FOR SUBSTANTIAL TROOP WITHDRAWALS.  
I POINTED OUT ACTION BY THE CONGRESS IN ENACTING JACKSON-NUNN  
CALLED FOR ENTIRELY NEW APPROACH TO OFFSET. IN THE FIRST  
INSTANCE, DETERMINATION OF THE ADEQUACY OF OFFSET WOULD BE  
MADE ON A NATO-WIDE BASIS. THE GERMANS ARE CONCERNED ABOUT  
THIS FACTOR AND HAVE BEEN WARY ABOUT POSSIBILITY  
THAT BILATERAL OFFSET COMMITMENT WOULD SET THEM UP FOR FURTHER  
TAP IN MULTILATERAL BURDENSHP. I POINTED OUT THAT IT  
MIGHT BE BEST TO LOOK AT JACKSON-NUNN AS A POSITIVE DEVELOPMENT.  
AS AN OVERWHELMING EXPRESSION OF THE SENATE THAT FULL  
OFFSET JUSTIFIES US TROOP COMMITMENT, IT CAN PROVIDE STABILITY  
AND REMOVE ANNUAL THREAT OF TROOP WITHDRAWAL PURSUANT  
TO MANSFIELD LIKE AMENDMENT. INTELLIGENT THING TO  
DO IS FULLY ANALYZE JACKSON-NUNN IMPLICATIONS, MEASURE  
IT AGAINST FUTURE PROCUREMENT AND INFRASTRUCTURE COSTS  
AND SEE HOW MUCH IN ADDITION TO EUROPEAN MILITARY BUDGETS

WOULD BE REQUIRED TO ABSORB US SERVICE COSTS TO THE  
EXTENT OF CREATING SOLID ASSURANCE FOR CONTINUED TROOP  
COMMITMENT. I THREW OUT MY PERSONAL PRELIMINARY ESTIMATE  
THAT SOMETHING IN THE ORDER OF A 3 PERCENT INCREASE IN  
EUROPEAN MILITARY BUDGETS WOULD BE ENOUGH TO ACHIEVE FULL  
OFFSET AND TO ASSURE CONTINUED COMMITMENT OF US FORCES AT  
PRESENT LEVEL UNDER JACKSON-NUNN PROVISION. THE GERMANS  
AGREED THAT THIS SHOULD BE STUDIED CAREFULLY AND REQUESTED  
OUR ANALYSIS OF HOW JACKSON-NUNN OPERATES AND WHAT IT WOULD  
TAKE TO FULLY MEET ITS REQUIREMENTS.

2. EB, EUR AND PM SHOULD BEGIN WORK TO LAY OUT MAGNITUDE  
OF NATO-WIDE PROCUREMENT REQUIREMENTS, THE ADDITIONAL  
OUTLAYS NEEDED TO FILL THE GAP BETWEEN FULL OFFSET AND FULL  
PROCUREMENT, HOW THIS MIGHT BE ALLOCATED AMONG NATO COUNTRIES,  
WHAT IT REPRESENTS AS PERCENTAGE OF EXISTING LEVEL OF MILITARY  
BUDGETS, TIME FLEXIBILITY IN MOVING BUDGETS TO FULL OFFSET LEVEL  
TOGETHER WITH ANY OTHER FACTORS NECESSARY FOR FULL ANALYSIS  
AND PRESENTATION OF ARGUMENTS AND PROGRAM FOR FULL OFFSET.  
EXPLORE WITH DEFENSE AND COMMERCE THE DEGREE TO WHICH WE  
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CAN STILL USE CURRENCY FEEDBACK TO THE US, PREVIOUSLY  
AGREED TO, TO JUSTIFY 80 PERCENT RATHER THAN 100 PERCENT  
OFFSET.

3. IN BRUSSELS ON WEDNESDAY, I INITIATED THINKING AND WORK  
ALONG THESE LINES ON THE PART OF THE US NATO DELEGATION.  
HAVE PRELIMINARY THINKING, ASSEMBLY OF DATA AND PROGRAM  
TO COMPLETE ANALYSIS AND PRESENTATION OF THIS

APPROACH READY FOR DISCUSSION WITH ME ON WEDNESDAY (NOV. 14).  
CASEY UNQUOTE RUSH

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MILITARY BUDGET, GOVERNMENT EXPENDITURES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 14 NOV 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973STATE224675  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** LHEICHLER:BCM  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** n/a  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1973/newtext/t19731134/aaaaaypr.tel  
**Line Count:** 117  
**Locator:** TEXT ON-LINE  
**Office:** ORIGIN EUR  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 06 AUG 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <06-Aug-2001 by kellerpr>; APPROVED <07 MAR 2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** OFFSET DEPARTMENT REPEAT IMMEDIATE TO THE SECRETARY  
**TAGS:** EFIN, MILI, NATO  
**To:** EUCOM EUR POSTS  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005